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31 October 1957

CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I

OF IMMEDIATE INTEREST

ZHUKOV LOSES POLITICAL BATTLE

As of 31 October, it appeared that Soviet Marshal Zhukov had lost a battle and would be stripped of all effective political authority. There was still no official announcement of the Soviet central committee's action on Zhukov, however.

Khrushchev's remarks to Western newsmen at a Turkish embassy reception on 29 October, which recall patronizing references to Malenkov, Molotov, and Kaganovich at the time of their defeat in June, suggested that there only remained to find a new assignment for Zhukov "in keeping with his experience and qualifications." While delay in the issuance of a concluding statement may mean that the action is not developing according to plan, it is more probably due to problems in drawing up an explanation for public presentation. Khrushchev has apparently cleared another obstacle to one-man control of the USSR.

All of the evidence indicates that the move against Zhukov was prepared while he was touring Yugoslavia and Albania. Zhukov left Moscow for Belgrade on 4 October, reportedly stopping along the way to visit Khrushchev, who was vacationing at Yalta. Khrushchev returned to Moscow the next day, ending a vacation which had begun in mid-August.

Western correspondents in Moscow have reported that Zhukov



ZHUKOV

went directly from the airport to a high-level party meeting. Perhaps he learned then of his removal from the defense post and of an offer of another job which though relatively important ended his control of the armed forces. How Zhukov might have reacted in such a situation can only be conjectured. He may have balked, whereupon Khrushchev decided to use the central committee club again --as he did last June against Malenkov, Molotov, and Kaganovich.

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From numerous editorials in the Soviet party and military press in the past few days it is apparent that the issue of party control of the armed forces is the tree on which the regime has tried to hang Zhukov. But, while there is reason to believe that Zhukov has long supported the right of military leaders to exercise "one-man command" of troops, with political deputies performing mainly an indoctrination and morale-building function, this issue was probably not uppermost in the conflict. The simple clash of powerful interests probably figured more importantly in the struggle, with Khrushchev seeing Zhukov as a potential military threat to his power, a check on his authority, and a popular figure who detracted from his prestige.

However, the timing needs explanation in terms of some immediate cause, since the action came only four months after Zhukov was brought into the highest party council, at a time when international tension was running high, and only a few days before the 40th anniversary celebrations which have been set up for a grand display of Communist solidarity and prosperity.

Although Zhukov publicly supported Soviet Middle Eastern policy during a speech in Albania, Khrushchev's blustering diplomacy may have caused real concern to Zhukov, who would tend to take a sober view of Soviet military capabilities.

A professional military leader of the Zhukov stamp might conceivably also be more inclined than Khrushchev to place continued stress on a large conventional military establishment, rather than on recent or future weapons developments.

If Khrushchev's recent fable-telling session with a Western newsman (when he told the story about the "humble little Jew, Pinya," who put the "burly anarchist" to shame when a real danger developed) was relevant, then, in Khrushchev's view, Zhukov had lost his nerve when the going was rough. Turned around, the inference is that Zhukov opposed Khrushchev in what seemed a dangerously reckless undertaking, and, judging from the "burly anarchist" reference, he may have done so with considerable force.

There were some other small pieces of evidence which could be considered clues to a developing conflict between the party chief and the defense minister. Zhukov's unusually warm popular reception in Lenin-grad last July and his speech at that time which, though only partially reported by Pravda, apparently called for fuller review of the Stalin purge record, may have created apprehension that Zhukov might have serious political ambitions. During August and September, there were signs that the rehabilitation of military leaders purged during the 30's was being pushed, even though

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historical revision had otherwise come to a virtual standstill. This possibly signified that Zhukov was throwing his weight around in a critical and difficult political area.

Although recent reports that Zhukov had obtained control of the Committee of State Security in August lack confirmation, Zhukov's suspicion and resentment of the security apparatus, which has made some gains in power during the past six months, was a possible source of continuing conflict.

The demotion of Zhukov is one more step in Khrushchev's progressive neutralization of political rivals. He has now asserted his dominance over the armed forces, the secret police, and the economic bureaucracy, as well as the party machinery itself. However, he has not yet conducted purges much below the top levels. Although his reliance on the support of a well-packed central committee has so far stood him in good stead, there are still deep-rooted policy conflicts which might eventually split his presently loyal political allies.

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THE SYRIAN SITUATION**Soviet Moves in the UN**

The USSR has found the Arabs, including Syria, reluctant to press for the fullest exploitation of charges against Turkey in the United Nations and is apparently retreating from its stiff line rather than face the prospect of widespread Arab reaction to its moves. Moscow had stimulated the Syrian complaint in the UN General Assembly and strongly supported Syria's charges, claiming possession of "documentary evidence" of US-Turkish plans for an attack.

The implicit threats Soviet officials had been making against Turkey were missing from Gromyko's more concilia-

tory speech in the UN on 29 October, and, while he reiterated Soviet support for Syria, there are indications that he realizes Soviet tactics in the United Nations have backfired. Following a private talk with Gromyko on 28 October, Secretary General Hammarskjold stated he was convinced the Soviet foreign minister knew that the "Russian play had not worked and that he was looking for the softest way to land."

Hammarskjold noted that Gromyko had completely changed his attitude on the secretary general's possible usefulness in the Turkish-Syrian situation from last week, when he reportedly had denounced Hammarskjold for interfering and said this would create a "liability" in his future relations with the

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USSR. Hammarskjold reported Gromyko now had indicated the situation was calming down and that he was no longer opposed to the secretary general's playing a mediation role if both Syria and Turkey agreed.

Hammarskjold's intervention could, however, place him in a vulnerable position regarding his other mediation efforts in the area as a whole. The Norwegian UN delegate on 25 October emphasized that caution must be exercised to avoid causing strong Arab attacks which would lessen the effectiveness of the secretary general in the area. Hammarskjold

is well aware of the risks involved.

Another sign of a possible Soviet shift on this issue was Khrushchev's unexpected appearance at the Turkish National Day celebrations in Moscow on 29 October and his statement that he thought the Middle East situation "has gone a little way toward peace." Furthermore, the volume of Soviet propaganda on the Syrian situation has declined during the past week and its tone has softened. The atmosphere of alarm in the Moscow press has markedly lessened.

Gromyko's latest speech may presage the abandonment of the

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USSR's original tactics, which were to force a vote on the Syrian resolution on the assumption that, even though it was doomed to defeat, other Arab states would be compelled to vote with Syria and the Soviet bloc against the Western powers. In view of efforts by the Egyptian and other Arab-Asian delegates to dissuade Syria from pressing for a vote and clear indications that a vote would divide the Arab-Asian bloc, Moscow may have decided to go along with a compromise which would endorse mediation efforts by the secretary general. This would avoid a formal vote on

the Syrian or Western draft resolutions.

Despite the apparent softening of the Soviet line in the United Nations, Moscow may still feel that a dramatic move such as the publication of "documentary evidence" purporting to prove the existence of a US-Turkish plan to attack Syria is necessary to maintain the momentum of its campaign against American diplomatic moves in the Middle East, and to attempt to allay widespread suspicion of Soviet motives in the General Assembly.

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Arab Moves

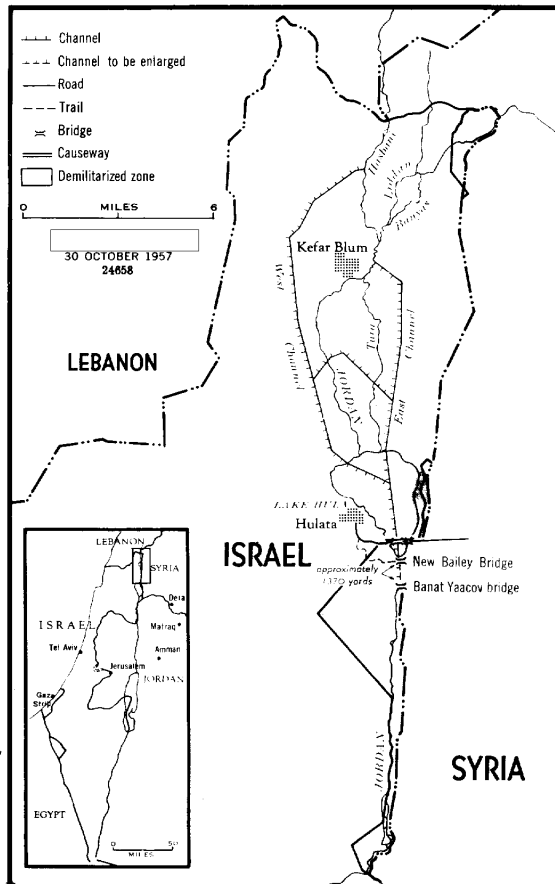
Syria, demanding a seven-member UN commission, has continued to fend off King Saud's offer to mediate. Both Cairo and Damascus are embarrassed by Saud's persistence. The Turks clearly scored a propaganda victory even with the relatively innocuous Saudi-Turkish communiqué issued after the conclusion of the talks in Dammam last week. Propaganda to support Syrian charges in the UN has continued to be a major Syrian concern; Damascus, Aleppo, and other cities have named next week "fortification week" and adopted appropriate slogans. The Aleppans allegedly are comparing their situation to those of the citizens of Stalingrad and Port Said.

The more serious aspects of the situation are underlined by the military exercises which Turkey presumably still intends to conduct in early November in the vicinity of the Syrian border, and by an Iraqi joint army-air exercise now reported set to take place between 7 and 10 November. Most Iraqi air units, including all operational jet aircraft, are now in northern Iraq. Turkish army strength in southern Turkey remains unchanged.

Lake Hula Drainage

Israel's final move to drain Lake Hula, scheduled for the morning of 31 October, probably will not provoke any sig-

nificant reaction from Syria. The Syrians in the past have protested strongly that the project involves violations of



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the Israeli-Syrian armistice agreement but are now preoccupied with their relations with Turkey. The Israeli government, in an effort to avoid arousing the Syrians, has not permitted advance release of information about the operation, although it has invited press representatives to the ceremony. The Israelis

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apparently do not expect any reaction since they have taken no unusual precautionary measures.

The Hula drainage project, begun in 1950, is aimed at reclaiming 15,000 acres of potentially rich farm land from Lake Hula and adjacent marshes, to prevent seasonal flooding of another 17,000 acres, and to eliminate malaria. A series of canals have been constructed which will channel the Jordan and its tributaries through the dry lake bed. Syria has argued that by reclaiming the area Israel would derive a military advantage and that the work was proceeding on Arab-owned lands.

USSR-Syria Economic Pact

A Soviet-Syrian economic development pact was concluded on 28 October. It covers the construction of four hydroelectric power stations, 400 miles of rail lines connecting the port of Latakia with Syria's eastern agricultural provinces, several irrigation projects, storage facilities at Latakia, a fertilizer plant, an agricultural research station, and a geological survey of oil and other mineral resources.

These projects are to be completed during the next seven years with Soviet financial

and technical assistance. The USSR also agreed to train Syrian personnel, both locally and in the USSR to operate and maintain these projects. The USSR will provide the necessary credits at 2.5 percent interest to be repaid by Syria over a 12-year period with either commodities or hard currencies. The communiqué did not state the size of the credits to be extended--estimated at over \$100,000,000--but revealed that Syria will assume repayment obligations only after specific projects are undertaken.

Apparently in an effort to indicate the ease with which Syria's obligations under this pact may be met, the USSR purchased 10,000 tons of Syrian cotton, worth about \$7,000,000, on the day following conclusion of the development pact. By July of this year, the bloc already was taking about 22 percent of Syria's exports.

Syria, however, is already in considerable debt to the Soviet bloc for military equipment. Although Damascus found it necessary to seek postponement of installments on its \$40,000,000 arms debt to Czechoslovakia, it has, during the past year, purchased an additional \$50,000,000 worth of arms from the USSR.

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(Contributions by ORR)

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FRENCH POLITICAL CRISIS

Radical Socialist Felix Gaillard, finance minister in the Bourges-Maunoury cabinet, faces considerable difficulty in overcoming interparty hos-

tility in his bid to form a new French government. The increasing gravity of France's financial crisis may oblige the assembly to come to a

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decision soon, however, and Gaillard might well be an acceptable dark-horse candidate.

Gaillard says he will seek assembly approval on 5 November only if he can count on some support from both Socialists and Independents. Both the Independents and the Popular Republicans have offered him conditional support. While some Independents may accept his economic approach, their peasant and small-business support sparked the opposition to Gaillard's austerity program in the previous cabinet. Moreover many Independents now apparently believe a continued crisis will lead to a dissolution of the present assembly and to new elections in which they would be the chief victors.

The Socialists have decided to support Gaillard but have not yet agreed on participating in his government. The Socialist attitude may prejudice the Independents against Gaillard.

The gravity of France's financial problems, emphasized by the special session of the caretaker Bourges-Maunoury cabinet this week to obtain another advance from the Bank of France, may work in Gaillard's favor. He has won considerable public attention for his espousal of an austerity program, and he will benefit from the growing sentiment for a compro-

mise cabinet based largely on the minor center parties, with a limited program to meet France's economic problems. He probably hopes to take advantage of the long holiday week end to give party antagonisms time to cool and to permit the deputies to revise their nonchalant attitude toward the economic crisis.

France's convertible currencies in the Exchange Stabilization Fund will be virtually exhausted after October payments to the European Payments Union. Moreover, unless substantial external aid is available in December, the last \$500,000,000 in the gold reserve held by the Bank of France will have to be tapped or payments for imports postponed. There is some speculation that the government may even have to resort to printing more money.

The 26 October extension of de facto devaluation of the franc to all trade transactions may help the balance-of-payments situation temporarily, but it is also expected to have an inflationary effect. The cost of living has jumped 4 percent since July, and organized labor is convinced that substantial new wage rises are in order. New strikes have already been threatened at the first sign that the new government is ignoring "labor's plight."

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MENDERES REGIME WINS TURKISH ELECTION

The re-election of the Democratic regime in Turkey on 27 October is being considered by Prime Minister Menderes as a mandate to carry on his basic policies, despite the fact that his party received less than half the popular vote. The Democrats claim nearly 70 percent of the assembly seats--425 out of 610--however, thus assuring them control of the Turkish parliament.

For the first time since the Democrats won their first election in 1950, they will be faced with a distinct and highly vocal opposition. Un-

official returns give the Republican People's party 170 seats and the Freedom party and conservative Republican National party four seats each. There will be seven vacancies when the assembly convenes on 1 November.

Menderes is unlikely to make any significant changes in basic policies, such as the Western-oriented foreign policy, the overambitious and economically unsound industrial expansion and internal development, economic concessions to the politically powerful agricultural areas, nor in his

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generally repressive approach to criticism and opposition. Menderes tends to regard himself as possessing the dynamic authoritarian qualities of Ataturk, founder of the Turkish Republic and national hero. Many Turks, however, apparently believe that four more years of Democratic rule could mean the end of democracy in Turkey. During the past year, especially, the Menderes regime has displayed an inclination to reverse the trend toward democratization expressed in Turkey's first free election in 1950.

Demonstrations and rioting reported from widely scattered parts of Turkey, are partially the result of continuing opposition charges of election irregularities. Security forces should be able to restore order with relatively little difficulty, but there will be an indeterminate period of latent, if not actual, instability, at least until the new government is organized and its program approved. Menderes' determination to sustain his personal power and that of his party will prompt him to take whatever measures he regards as necessary to

maintain control and to assure the unobstructed implementation of his policies.

An explosive initial session of the new assembly has been predicted when it convenes



MENDERES

on 1 November under the chairmanship of Ismet Inonu, leader of the major opposition party and senior member of the assembly. He will chair the assembly until its president is elected. Inonu is expected to repeat his charges of electoral irregularities and violent postelection repression of popular demonstrations.

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EUROPEANS SEE NATO PROSPECTS IMPROVED

President Eisenhower's announcement that he will attend the North Atlantic Council session in mid-December has raised European hopes that significant progress will be made toward meeting the challenge of Soviet scientific competition and other outstanding problems. There has also been a favorable reaction, although tinged with some skepticism, to the American-British announcement, issued at the conclusion of Prime Minister Macmillan's Washington visit, regarding a new

NATO-wide effort to pool scientific manpower.

The American embassy in London notes that even those Conservative papers most hostile to the United States over Suez are enthusiastic over the results of Macmillan's visit and show virtually no trace of their former recrimination. Many papers support the independent Chronicle's assertion that the United States and Britain are "going back into business on the old tried and trusted basis of World War II."

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Some tendency to reserve judgment is nevertheless evident. Several papers reflect a general doubt that the American Congress will approve liberalization of the atomic energy act; the influential Manchester Guardian also wonders whether the council meeting will fulfill the promise of October. The Labor party's criticism has centered on the failure of the Eisenhower-Macmillan talks to pave the way for a big-three summit meeting with the Soviet Union on the Middle East situation.

French reaction has been limited by the preoccupation with the government crisis, but persistence of concern about being overshadowed by an Anglo-American partnership is evident. In France and elsewhere, the prospect of a scientific manpower pool--a "community of brains" as the French put it--has received especially

favorable notice. Luxembourg's Prime Minister Bech, whose turn it will be to chair the council meeting in December, says he will push this subject. The Europeans' applause has been muffled, nevertheless, by a widespread assertion that recent Soviet achievements forced Washington to see a "need" to draw closer to its allies.

The general outlook for the December meeting had already been improved by the North Atlantic Council session on 22 October, at which there appeared general gratification with General Norstad's approach to the long-vexing problems of the balance between conventional and modern weapons and forces, and the possession of nuclear weapons by NATO members. British plans to withdraw more forces from Germany might still result in some acrimonious argument among NATO members in the coming weeks.

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DISARMAMENT SITUATION IN UN GENERAL ASSEMBLY

Support for the Western UN disarmament resolution is believed by the American UN delegation to have lessened considerably because of the growing feeling that General Assembly endorsement of the West's position would only harden the disarmament deadlock. A compromise proposal recently introduced by Yugoslavia has attracted favorable comment from many UN members who believe that this year, "when disarmament is more vital than ever," the assembly must come up with some new and positive approach.

The Yugoslav proposal meets this demand in that it provides for the good offices of the secretary general in

the disarmament negotiations and suggests the advisability of a special General Assembly session on disarmament. However, it also calls for a separate nuclear test ban and an unconditional pledge not to transfer nuclear weapons to other countries--both conditions unacceptable to the 24 sponsors of the Western proposal. Its provision for the cessation of production of fissionable materials for weapons purposes would probably be unacceptable to the USSR.

In addition to the Western resolution, the assembly has before it three Soviet resolutions calling for a test ban, a pledge not to use nuclear weapons, and an 82-nation

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permanent "Disarmament Commission"; the Japanese resolution calling for a temporary suspension of testing; various Indian plans incorporating several of these ideas; and a Belgian proposal for a UN-sponsored publicity campaign against nuclear warfare.

The West intends to ask for priority in voting for its resolution although the 24-power draft was almost the

last one to be introduced. The 28 October Soviet proposal for enlargement of the Disarmament Commission is the last proposal submitted. Japan intends to insist that its 23 September resolution be voted on first. Assembly rules require that resolutions be voted on in order of their submission unless a majority of members decides otherwise. Voting in the assembly's political committee is expected to begin next week.

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COMMUNISTS AGAIN CHALLENGE WESTERN POSITION IN BERLIN

Soviet and East German Communists are again bringing pressure to bear on the Western position in Berlin, apparently with the objective of strengthening East German claims to sovereignty and weakening Western influence in the divided city. Barring a shift in over-all Soviet policy, the USSR will probably restrain the East Germans from taking any extreme actions to isolate Berlin. At the same time, both the Russians and East Germans will continue their pressure.

East Germany's increased self-assurance, resulting in tougher domestic policies and a more aggressive attitude toward the West, appears to be a direct consequence of Khrushchev's strong endorsement of the Ulbricht leadership last August and the recent Yugoslav diplomatic recognition. While the most recent harassment affects primarily West German rather than Allied interests, it is likely that Allied rights in Berlin will be increasingly challenged as the Communists continue to probe for weaknesses.

Recent East German actions include the exercise of greater control over interzonal rail and highway traffic. West German mail and freight cars have been detained and some shipments confiscated, and trucks and passenger cars, as well as passengers, have been subjected to intensive searches and delays of up to 12 hours at border checkpoints. Disregarding the quadripartite status of Berlin, the East Germans have imposed stringent controls on traffic crossing the East-West Berlin border and have threatened to compel all Berliners to work in the same sector of the city in which they live.

An East German plan to seal the intersector borders last week end reportedly was rejected by the East German party central committee because it feared such action would disrupt interzonal trade which is vital to the shaky East German economy. In addition, the East German regime has threatened to assume control over the air corridors from West Germany to Berlin on the grounds that a sovereign

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state has the right to control its air space.

Soviet interference with Allied traffic remains sporadic and inconsistent. The Russians for some time have complained about German mail cars on Allied military trains, threatening on several occasions to send a train back to its point of origin unless the mail car was detached.



Negotiations between Soviet and Allied officials over new documentation procedures for Berlin travel have been under way for some time. While agreement "in principle" has been reached on most points at issue, the Russians nonetheless continued to raise objections on various pretexts.

The turn of events suggests that the Russians and East Germans have divided their responsibilities, with the Russians harassing the Western Allies, and their East German puppets concentrating on interfering with the West Germans and residents of West Berlin.

EAST GERMANS CUT BACK FIVE-YEAR ECONOMIC PLAN

The goals of the East German Five-Year Economic Plan (1955-60) for industrial production have been reduced from

a planned increase of 55 percent by 1960 to one of 34 percent. Even with this reduction, necessitated by an unrealistically

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high original plan, the new goals can be achieved only if the Soviet Union continues to supply substantial aid.

Ignoring the reasons for the reduction in plan goals, Ulbricht, in his recent speech at the 33rd plenum of the central committee of the Socialist Unity (Communist) party, listed the main tasks of the economic program as the development of basic industries, especially coal, power, and chemicals; the expansion of raw material output; and an increase in agricultural production to permit the end of food rationing by 1958. The investment goal--originally

the 40-percent increase scheduled earlier. It is also probable that more consumer goods will be exported during the remainder of the five-year plan period than anticipated. Concentration on heavy industrial goods is to continue and foreign trade is to double by 1960.

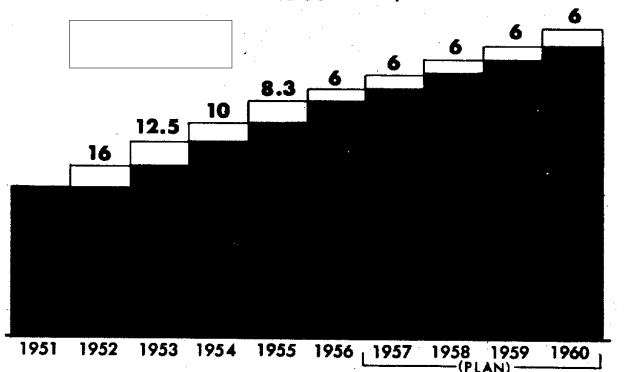
The revision of the five-year plan resulted from a number of factors limiting industrial expansion such as a general lack of raw materials, shortages of food, fuel, and manpower, and too little capital. Because of these factors, the five-year plan goals for industrial production have not been met since the inception of the plan in 1956. In addition to the fact that plan goals were set beyond East German capabilities, an unusually severe winter in 1956 cut back coal production and reduced imports of Polish coal, while the Hungarian, Polish, and Suez crises caused further disruptions in the economy.

By reducing the plan goals of industrial production, the regime has scheduled a rate of growth which can be achieved and has apparently resolved a policy dispute in the politburo in favor of the economic "realists." However, the Soviet Union must supply a portion of the planned investments since the investment figure seems too large to be met from the internal resources of the East German economy. The Soviet Union has already granted credits totaling \$785,000,000 since 1953, including a freely convertible currency credit of \$75,000,000 in September 1957.

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**EAST GERMAN
GROSS INDUSTRIAL PRODUCTION**
(ANNOUNCED PERCENTAGE INCREASE OVER
PREVIOUS YEAR)



set at 87 percent above the preceding five-year plan--is also to be reduced, but not by nearly as much as the planned increase in industrial output.

Ulbricht also maintained that the urban worker would receive a substantially better deal even though the scheduled increase in consumer goods was reduced. Production of consumer goods is to increase less than 30 percent, compared with

in favor of the economic "realists." However, the Soviet Union must supply a portion of the planned investments since the investment figure seems too large to be met from the internal resources of the East German economy. The Soviet Union has already granted credits totaling \$785,000,000 since 1953, including a freely convertible currency credit of \$75,000,000 in September 1957.

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THE POLISH CENTRAL COMMITTEE PLENUM

The tenth central committee plenum of the Polish United Workers' party held from 25 to 27 October was devoted primarily to a call for drastic action to restore party unity, to establish stronger party control over the country, and to stimulate greater activity among party members. Party Secretary Gomulka admitted that he had not been able to accomplish these tasks and therefore requested that the party congress he had expected to call for this December be postponed. He made clear his determination to revitalize the party, even at the cost of massive expulsions. In contrast to the two other plenums held in the past year, no opposition was reported to Gomulka's suggestions.

The plenum recommended the postponement of the party congress from December to the middle of next year and approved Gomulka's request that "verification" of all party members be undertaken with a view to removing elements within the party who are undermining its progress. These, Gomulka said, include Stalinists, revisionists, and apathetic members. He said the expulsions might amount to a purge of half the party members. The final resolution outlined a set of principles for party membership and review procedures which the party will find extremely difficult to uphold. This program may serve as a shock treatment inspiring many uncommitted party members to give greater support to Gomulka.

Gomulka faces a serious dilemma in his program to win active support from the centrists of the party and eliminate the extremes which he has balanced against each other

thus far. The opportunists and apathetic members who joined the party for nonideological reasons are the largest of the groups to be eliminated. These are asked to leave voluntarily or be expelled. More difficult is the task of eliminating the Stalinists, who have opposed the policies of the eighth and ninth central committee plenums; many of them are the bureaucrats on whom Gomulka depends for organizational work within the party.

The liberal revisionists constitute a small but highly vocal group within the party demanding greater democratization of the country and criticizing its relations with the USSR. Gomulka has already moved against this group with his recent crackdown on the student weekly *Po Prostu*, and the expulsion from the party of its staff members.

The plenum reaffirmed the party's adherence to the spirit and letter of the "broad democratic liberties" and "national and individual freedoms" granted since last October, promising that there will be no return to the restraints of the previous period. Gomulka assured the press of its continued privilege of criticism of Polish life as long as it is "constructive." He warned, however, that the party would tolerate neither criticism aimed at socialism nor the expression of anti-Soviet attitudes. The public expression by party members of views opposed to the party was also expressly forbidden.

While Gomulka's program is designed primarily to consolidate the party, another reason for his insistence on high moral and ethical standards among party members is to achieve

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popular respect for a party completely discredited among the Polish population. The public may regard Gomulka's speech as a promise to get rid of the party hacks whom it considers symbols of the evils of Communism. However, consider-

able disappointment might develop over the party's failure to take dramatic action on the economic problem, one far closer than political matters to the heart of the average Pole.

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THE SITUATION IN GUATEMALA

Constitutional government was at least temporarily restored to Guatemala on 26 October, but Communists may benefit from the bitter divisions revealed in the preceding week of political violence. The middle-of-the-road political coalition of the late president Castillo Armas has been discredited, while the army, since 1954 the bulwark against the extremes of right and left, is now divided by factionalism.

The military junta, which had seized power two days earlier, resigned on 26 October and congress named Guillermo Flores Avendano interim president until a permanent president can be installed after new elections promised for the "near future." Flores was second presidential designate under Castillo and hence the constitutional successor to Castillo's first presidential designate, Luis Arturo Gonzalez, who was ousted by the junta on 24 October after rioting over the disputed and now annulled election of 20 October.

Flores' installation was the result of an agreement between the beleaguered junta and Miguel Ydigoras Fuentes, whose followers had nearly succeeded by mob action in forcing the junta to relinquish power directly to him. Ydigoras seems confident of winning the new election, but will probably not win as many votes in new elections as he did on 20 October, when he received many pro-

test and leftist votes. The 62-year-old Ydigoras, who has the support of Guatemala's reactionary landowning aristocracy, still, however, personifies to many Guatemalans of all classes the caudillo who can bring strong stable government to the country.

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Guatemalan Communists are "delighted" with recent developments and now are operating openly and without restraint. They have only an estimated 300 to 500 party members but have infiltrated the leftist Revolutionary party. This party, which was denied participation in the 20 October election, has emerged from the recent disturbances as perhaps the country's strongest single political group. It is already reported organizing the decisive rural vote in anticipation of the promised presidential and congressional elections, and many observers believe it will win these. There are genuine liberals in the party who are now trying to purge the organization of Communists, but there are others who worked with the Communists during the pro-Communist Arbenz regime.

The 8,000-man army, formerly a decisive power in Guatemala, has virtually no Communists in its ranks, but is now so ridden with factionalism and lacking in effective leadership that the American embassy doubts that the government could rely on army backing.

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Close relations between Israel and France apparently will continue, based on a mutual concern over growing Arab nationalism, although factions in both countries seem reluctant to give wide publicity to their cooperation. The interest Israel has in maintaining the flow of arms aid from France--its chief source of such aid since before the Sinai campaign--is increased by concern over Soviet arms shipments to Syria and Egypt.

Recent developments confirm the continuing military collaboration between the two countries. At present, French Air Force Chief of Staff General Bailly is visiting in Israel, ostensibly for an unofficial vacation. Two other French generals are also in Israel, possibly in connection with arms aid from France to Israel. Col. Weizmann, number-two man in the Israeli air force, has stated that Israel expects soon to acquire a squadron of new Vautour twin-jet aircraft from France. These aircraft, presumably the interceptor version, probably will be equipped for fighter-bomber-reconnaissance use and will substantially improve Israel's weak all-weather defensive capability.

This cooperation also extends to atomic energy research. France has provided the Israelis

with information on the processing of raw materials while Israel has sold the French its patents on a heavy water separation process developed by Israeli scientists.

Despite such cooperation, evidence of doubts respecting the Israeli-French relationship has been revealed in both countries during recent months.

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What effect the current French government crisis may have on the relationship is not yet evident. While a formal alliance is not known to exist and may not be desired by either country, it is apparent that, for the present, political and military cooperation is still regarded by both parties as mutually advantageous. The American embassy in Tel Aviv believes Israel hopes its informal relations with France may serve as a bridge to stronger ties with the emerging Western European economic complex and a means of gaining access to European resources for capital investment.

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INDONESIA

Anti-Dutch mob activity flared up in Djakarta as the result of Indonesian government efforts to whip up popular sentiment for the "return" of Netherlands New Guinea and thereby to bolster Indonesia's case in the forthcoming UN debate on the issue. A mass rally on 28 October, at which high government officials spoke of military conquest if necessary, was followed by a large procession of youth groups, police units, and elements of all armed forces.

The demonstrations degenerated into mob activity directed at the Dutch. Dutch property was defaced and painted with anti-Dutch slogans, there were cries of "kill the Dutch," and an effigy of a Netherlander was burned on the lawn of the Dutch ambassador's residence. There also have been demands for breaking off diplomatic relations with the Dutch and confiscation of Dutch interests. Local Communist youth groups apparently were responsible for some of the more excessive activities.

President Sukarno's backing of the West Irian campaign is also motivated by a desire to focus Indonesian attention on a universally popular theme, thereby temporarily relieving the government of the constant pressures from dissatisfied economic and political groups. Sukarno's speech to the mass rally on "national unity" suggests he hopes to utilize the public enthusiasm generated by the West Irian movement to give greater impetus to his "guided democracy" program. Thus far there has been no significant response from the disaffected provinces outside Java, and it is unlikely that the New Guinea issue will indeed serve to draw

dissident regional leaders closer to the Djakarta government.

The Information Ministry in Djakarta has announced the formation of an "action committee for the liberation of West Irian" to launch large-scale propaganda efforts and stage additional demonstrations and public meetings. The minister of information has been quoted as stating that the second stage in the campaign will begin 10 November and will be "executed more fiercely."

Although the government in exploiting the New Guinea issue is confident that it can control an aroused public, further anti-Dutch disturbances could result in violence and attacks on other Westerners who reside on Java.

The last of a series of local elections in Java are scheduled to be held in the semiautonomous Central Java Sultanate of Jogjakarta on 7 November. Traditionally this has been an area of strength for the Communists, and their chances are further enhanced by their vigorous campaign efforts and the psychological advantage given their party by gains achieved earlier this year in other Java elections. Communist party chief Aidit, moreover, has opportunistically switched his tactics in this campaign by declaring support for local autonomy and has strongly endorsed a renewed Hatta-Sukarno partnership.

The National party appears at last to be awakening to the danger to its future posed by recent extensive Communist gains and is actively opposing the Communists for the first time in several years.

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PHILIPPINE ELECTIONS

With less than two weeks remaining before elections, latest reports on the Philippine political campaign indicate that both opposition Liberal candidate Jose Yulo and the new Progressive party candidate Manuel Manahan are narrowing any lead still held by President Garcia. The rising popularity of Manahan, in particular, raises the possibility of an election upset. Senator Claro Recto, the other major candidate, is believed to be weakening and may place a poor fourth. In the vice-presidential contest, Nacionalista candidate, Jose Laurel, Jr., now seems almost certain to be defeated by his Liberal opponent, Diosdado Macapagal.

President Garcia is still favored on the strength of the advantages he holds as incumbent, but he is not attracting crowds or gaining the enthusiastic endorsement of provincial party leaders. Moreover, the Nacionalista party continues to suffer from intense factionalism in many key areas, and from the failure of several prominent leaders to campaign for the ticket because of Laurel's candidacy. Only in the southernmost island of Mindanao does Garcia appear to face relatively little threat.

After a slow start, the Liberals have made great strides through a well-financed publicity campaign, including extensive use of radio facilities and psychological warfare tactics. Crowds are responding, if not to Yulo himself, to his running mate, Macapagal, and movie star Regelio de la Rosa, a senatorial candidate. Primarily because of distaste for Laurel, the Roman Catholic hierarchy in the Philippines has reportedly decided to back the Liberals. The American embassy in Manila believes, however, that unless this support involves instruc-

tions to parish priests, many of the latter as well as Catholic action groups will back Manahan.

Manahan's greatest strength is in heavily populated central Luzon. He is believed also to be making inroads in the Liberal stronghold of northern Luzon and to be taking votes from both Garcia and Yulo in the provinces around Manila and from Recto in two southern Luzon provinces. Even in the Visayan Islands, of which Garcia is a native son, Manahan has considerable support.

In view of the Progressive party's meager organization and claimed financial straits, there remains considerable uncertainty whether Manahan's surprising popularity can be translated into votes. The embassy believes his continued gains may be indicative of growing voter independence from traditional political machines. Deteriorating economic conditions in the provinces, including increased prices of basic commodities, may combine with social pressures for a "clean new force," to the advantage of Manahan.

In the contest for eight of the 24 Senate seats, the Nacionalistas have a strong ticket, including several incumbents, but concede that three or four candidates of the other parties may be elected. Since the Nacionalistas occupied all but two seats in the last Senate, they will continue to control the upper house even with some election losses or possible defections. In the House of Representatives, where administration party conflicts between incumbents and various Nacionalista provincial governors have been most intense, the opposition parties could win as many as 40 or 50 of the 102 seats.

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CHINESE COMMUNIST PARTY WORKERS ANTAGONIZE POPULACE

Peiping's decision this week to send more than 1,000 high-level cadres to key positions in the educational system so they can "strengthen party leadership" appears to be the first move in a drive for better performance by middle- and lower-level officials, whose arrogant behavior has been responsible for widespread public grumbling

against the regime. In calling for tight discipline and selfless devotion of duty throughout the party at the recent central committee plenum, Party Secretary General Teng Hsiao-peng frankly admitted that some cadres have become infected with "bourgeois individualism" and are bent on the pursuit of "personal comfort, fame, and position."

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Since last spring, when sharp public criticism revealed deep-seated resentment of minor Communist officials who adopt the "airs of a lord," the Chinese Communists have sought to curb bureaucratic bad manners.

most of the Chinese people have a good opinion of Mao Tse-tung and other top leaders, whom they regard as honest, hard-working men. The ire of the masses has been aroused, however, by the ostentatious extravagance and surly behavior of the petty officials who represent the regime at the grass-roots level.

most lower party and government officials were all but incapable of abstaining from abuse of the arbitrary power bestowed on them under the Communist system. the typical agricultural cooperative leader as a former poor peasant who behaves like an energetic little

dictator, smiling obsequiously to superiors and shouting imperious orders to his underlings.

The regime's campaign for improved official behavior may prove temporarily successful. But Teng's prescription for party members--that they must be "just and selfless, join the masses, and share the bitter and sweet in life"--is a rule of life which runs counter to the established pattern of Chinese officialdom. Furthermore, local officials have the unpopular task of carrying out orders such as implementing the drive for greater austerity. And their job will not be made easier by the regime's policy of retrenchment in government offices which thus far has forced more than 300,000 former bureaucrats to "leave for the countryside to join the labor front." These men, smarting under demotion, may aggravate the antagonisms between workers and cadres on the farm and in the factory.

CHINESE REVAMP LONG-TERM AGRICULTURAL PROGRAM

The central committee of the Chinese Communist party has issued a revised draft of the 12-year (1956-67) program for agricultural development first promulgated in early 1956. Although the new draft omits some of the grandiose goals of the original and makes a greater effort to provide a realistic basis for increasing agricultural output, it is still essentially a "pie-in-the-sky" plan, the primary intent of which seems to be to divert the peasant's attention from his more immediate troubles.

Unlike the original plan, which set no goals for chemical fertilizer production, the current draft provides for roughly a 20-fold increase in the country's yearly output of chemical fertilizer over the period of the plan. The plan envisages the production of 5,000,000 to 7,000,000 tons in 1962--as against a maximum of 3,200,000 tons in the original proposals for the Second Five-Year Plan. Production in 1967 is scheduled to reach 15,000,000 tons, an amount sufficient to increase output of food crops by as much

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as 37,500,000 tons if properly applied.

The state's investment in this field will have to be greatly increased in the Second and Third Five-Year Plans for these goals to be met. The only new chemical fertilizer plant of appreciable importance established during the First Five-Year Plan was the one at Kirin which opened in mid-October.

As further means of raising production, the plan calls for sharp increases in irrigated land, in acreage devoted to paddy rice, and in the number of livestock on the nation's farms. It makes plain, however, that these increases are to be achieved largely through money and brawn supplied by the peasants. In order to limit the number of new mouths which agriculture will have to feed, the draft says that planned birth control should be promoted in both urban and rural areas.

The draft now issued, like its predecessor, is little more than a vague outline of desirable ends. Agricultural planners at the provincial level

and below are asked to use it in formulating or revising their own long-range plans, a device which will focus peasant attention on it. Few targets are mentioned in the plan. The ambitious goals for raising yields of various crops in different parts of the country are retained and the assertion is made that total agricultural output and peasant income should reach the level of the upper-middle peasant by 1962, defined earlier as an increase of 20-30 percent. These targets still appear excessive, and the central authorities admit that further revisions--there have already been seven--will be needed.

Renewed discussion of the plan at this time--after a long period when it was seldom mentioned--attests to the regime's concern over the rural situation, particularly the persistent drought which is threatening winter crops and the peasants' growing disenchantment with collectivized farming. Peiping's evident intent is to try to divert peasant attention from present difficulties by conjuring up visions of a bright future. (Prepared by ORR) 25X1

NORTH KOREAN PARTY ATTACKS CRITICS OF ECONOMIC PROGRAM

North Korean Communist leaders devoted the October plenum of the central committee almost exclusively to a discussion of shortcomings in the country's construction program. Party Vice Chairman Pak Kum-chol delivered a biting attack on unnamed "renegades" and "anti-party sectarians" in various economic ministries who have distorted party policy--an attack which may presage shifts in Pyongyang's leadership. Pak's call for improved organ-

izational work and a mass movement to carry out construction plans suggests a concerted campaign to increase labor productivity.

North Korea's construction problem stems from a shortage of investment capital. Bloc aid has fallen from the equivalent of \$265,000,000 in 1954 to less than \$100,000,000 in 1957, and will apparently be even more sharply reduced in coming years. The regime's

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determination to meet the goals of the First Five-Year Plan (1957-61) from domestic resources is mirrored in Pak's instructions "to stop the import of equipment and material which is not urgently needed," and in his emphasis on cutting construction costs.

Disagreements on the best way to meet economic problems have divided the North Korean Communists for the past year. Two government reorganizations in the past nine months, which placed construction of all types under the Ministry of Construction and Building Materials Industry, apparently have not solved the problem. Opposition to Kim Il-sung's economic program had come out into the open at the August 1956 plenum, when several central committee members challenged the premier's policy of giving priority to heavy industrial construction.

These critics have been silenced, but Pyongyang continues to attack the apathetic handling of the party's political work in the economic administration. Last April, for example, the party's theoretical journal Kulloja severely criticized the failure of party organizations within economic ministries to ensure the implementation of party policy, and charged that these organizations had actually supported antiparty sectarians. Pak Kum-chol observed in his speech to the plenum that despite the repeated instructions of the party, "no

small number" of construction enterprises and their "leading workers" have opposed the party's policy of introducing prefabrication techniques.

The economic organs which specifically came under Pak's fire were: the State Planning Commission, the Pyongyang Blueprinting Institute, and the Ministries of Machine Industry, Electric Power, Coal Industry, Communications and Transport, and Construction and Building Materials.

In an attempt to increase party control over economic ministries, the party leadership has directed cadres not to separate party organizational work from economic policy. "Politically prepared" cadres are to be recruited for work in economic ministries, and executives in these ministries are to be subjected to more careful guidance by party personnel to eliminate the corrupting influence of the "antiparty sectarians."

The October plenum "discussed" calling a party conference which Kim could use to expel any remaining critics. A national party conference would have the legal power to replace those individuals on the central committee who have fallen into disfavor since the April 1956 party congress. A conference would also provide the regime with an excellent setting in which to launch a nationwide organizational and indoctrination campaign. (Concurred in by ORR)

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KUOMINTANG EIGHTH CONGRESS

The most significant event of the Kuomintang eighth congress, which met in Taipei from 10 to 23 October, was the selection by Chiang Kai-shek of Chi-

nese Nationalist Vice President Chen Cheng to fill the reactivated post of party deputy director general which had been vacant since the 1930's. This

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action places Chen formally in line to assume leadership of the Kuomintang when Chiang dies or decides to relinquish the top party post. As vice president of the Republic of China, Chen already is in line to succeed Chiang as chief of state.

Chiang's motive for designating a successor at this time apparently was to clarify the succession and, according to some observers, to free himself from some party responsibilities in order to concentrate on preparations for a possible return to the mainland. Chen's appointment will probably be construed as a blow to his reported chief rival, Chiang Ching-kuo, head of the Nationalist security forces and elder son of Chiang Kai-shek.

For the most part, the congress appears to have contented itself with hearing routine reports and a repetition of the standard Nationalist propaganda line. However, the theme of return to the mainland was heavily stressed, probably for morale reasons, and President Chiang asserted that an assault will be attempted within two or three years. This marks a return to his former practice, abandoned in 1956, of indicating an invasion timetable.

In line with the party platform, which was designed to appeal to as many conflicting interests as possible, the congress enlarged its supreme governing body--the central committee--from 32 to 50 members, presumably in part to increase Taiwanese, military, and Overseas Chinese representation. An enlarged standing committee of the central committee subsequently was appointed by Chiang.

The two candidates for the central committee receiving the most votes were Chiang Ching-kuo and Chen Cheng, with 325 and 299 votes respectively. Available figures indicate that 22 of the new members support young Chiang and 11 support Chen Cheng. Chiang Ching-kuo, however, does not appear to have seated enough of his followers to dominate the committee. Chiang Kai-shek's usual policy is to balance cliques against one another, and the appointment of Chen as deputy director general may have been intended in part to offset Chiang Ching-kuo's strength. Chen's appointment appears to be a significant step toward ensuring a peaceful and constitutional succession in the event of Chiang Kai-shek's death in office.

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SPECIAL SESSION OF THE JAPANESE DIET

The special session of the Japanese Diet which opens on 1 November will probably be the scene of renewed Socialist attacks on the government's pro-American policy. Prime Minister Kishi is expected to respond by relating his accomplishments since he assumed office last February and by using the session as a platform to popularize his forthcoming second tour of Southeast Asia.

The controversial small-business organization bill, which legalizes association for the manufacture and sale of products and collective negotiations with large industries, will be the main legislation submitted by the government, but its outcome is uncertain.

The Socialists called for the session to demand a report on the prime minister's trips

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to Southeast Asia and the United States and undoubtedly will challenge Kishi's foreign policy, capitalizing on the international situation created by the Soviet ICBM and earth satellite developments. They will probably attempt to prolong the session over the five-day limit in hopes of placing the government on the defensive with regard to what they consider its oppressive labor policy and to the shortage of foreign exchange which has resulted in a tight money policy.

Prompted by the prospect of a trade agreement with Communist China, the Socialists, some conservatives, and trade and business interests probably will exert pressure on the government for concessions to Peiping's demands on the size of Chinese trade missions acceptable to Japan.

Prime Minister Kishi, according to some reports, may deliver a major policy speech. In such an address he probably would cite the agreement on withdrawal of American ground

forces and the establishment of the US-Japanese Committee to study problems relating to the security treaty as examples of the equality of relations between the two countries which his government has achieved. He can point to Japan's election to a seat on the UN Security Council as demonstrating Japan's enhanced international prestige and note that Japan's disarmament resolution in the United Nations is evidence of his efforts to abolish nuclear weapons testing.

However, Foreign Minister Fujiyama in a conversation with Mr. Stassen asserted that Japan wishes to have its resolution voted on and defeated in order that Kishi may go before the people and say that world opinion does not support the Japanese view on nuclear weapons.

The government probably chose to hold the special session at this time, rather than just prior to the regular Diet session in early December, because of Kishi's commitment to visit Southeast Asian countries from 18 November to 8 December.

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CONSTITUTIONAL TALKS IN KENYA FAIL

Discussions on new constitutional provisions for Kenya between British Colonial Secretary Lennox-Boyd and representatives of the various racial groups have failed because of disagreement over the size of African legislative representation and over guarantees for the European minority. The present impasse has not seriously affected the government's efficiency, although the lack of African participation handicaps Britain's plan for a multiracial state.

All of the eight African nationalist legislative representatives who were elected in

March 1957 in the first elections in Kenya in which Africans participated have refused to accept ministerial responsibility unless the government increases the number of African seats in the 60-member Legislative Council from 8 to 23. The colonial secretary failed in his attempt to negotiate a settlement by discussions with each of the main racial groups--the Europeans, Africans, and Asians.

The Europeans would concede the Africans an increase of four, and perhaps six, seats if the African leaders were to accept constitutional provisions protecting the rights of each.

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racial group and agree that any self-government in Kenya must have the support of all races. For their part, the Africans would discuss such guarantees only after first receiving an increase of representation--probably a minimum of at least six seats. Moreover, the African nationalists have refused to participate in a suggested multiracial committee which would discuss the issues and try to reach agreement before the colonial secretary returns to Kenya in early November.

The fact that the Kenya government continues to function without African participation is causing some concern that the Africans may interpret this situation as a general disregard for the importance of the Africans in the political life of Kenya. Widespread acceptance of such an idea would intensify racial distrust and stimulate extreme nationalism.

Meanwhile, growing disunity in African ranks is suggested by the contrasting attitudes of the group's two chief leaders--Tom Mboya, who has been willing to negotiate, and Oginga Odinga, who has been completely uncooperative. The Kenya government is unwilling to entrust Odinga with responsibility and may offer acceptable conditions to Mboya to make him actively cooperate and thus divide the African group.

Mboya is under considerable tribal pressure to secure African gains following his well-publicized but unsuccessful trip to London in September. If he compromises, the behind-the-scenes struggle between moderates and extremists within the African nationalist ranks is likely to erupt into the open and cause a temporary loss of strength for the nationalist movement.

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PART III

PATTERNS AND PERSPECTIVES

SOVIET OBSERVANCE OF 40TH ANNIVERSARY OF THE BOLSHEVIK REVOLUTION

This year's observance of the anniversary of the Bolshevik Revolution, the 40th, has been the center of a major propaganda effort ever since 16 March 1957 when the party central committee declared it to be an extraordinary occasion and called for elaborate preparations. The propaganda apparatus was mobilized to produce a full fanfare--lectures, films, public meetings, editorials, and documents on appropriate themes.

The propaganda slogans issued annually by the central committee before the 7 November celebration have been supplemented this year by the more imposing "theses," also issued in the name of the central committee, which are customarily reserved for the most solemn occasions. It has also been announced, as a further part of the build-up, that the USSR Supreme Soviet will meet on 6 November to hear the anniversary keynote speech, normally given before the lesser Moscow Soviet.

Because it is to be marked as an important milestone in Soviet history regardless of the maneuvering going on in Moscow, the anniversary provides the setting for a demonstration of maximum political and propaganda impact. Although the advance propaganda has hewed closely to the established line on foreign and domestic policy, the occasion calls for a review of foreign policy--particularly in the Middle East--the ideological condition of the Soviet bloc, the June purge, technological advances, and economic policy in the wake of industrial reorganization and planning revision. On any of these points, statements of considerable interest could emerge.

The Anniversary Eve Speech

The major address is traditionally delivered in the Bolshoi Theater on the eve of the anniversary by a leading figure of the regime. The assignment has been rotated in previous years within the top leadership and it could go this year to any one of the full members of the party presidium. However, the urge to lend the greatest possible prestige and authority to the pronouncement makes Khrushchev, who has never done the honors before and has, besides, more and more assumed the role of principal regime spokesman, a likely choice. Given the build-up which has gone on, moreover, a speech delivered by a lesser figure would tend to have an anticlimactic flavor.

Much of what goes into the speech will, as usual, be resolutely unoriginal. Especially this year, however, the speech will attempt to stimulate glowing pride in the past and unrestrained confidence in the future. The achievements of four decades of Soviet rule--the transformation of a backward agrarian country into an industrial power, the advance of Soviet science and technology to be seen in the ICBM and earth satellite achievements, the formation of a world grouping of Communist states, and the increased authority of the USSR in world affairs--will be related at length as testimony to the wisdom of the party leadership and the superiority of the Soviet system.

International Affairs

The speech will trace in detail the USSR's record in

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international affairs and its current position on significant issues, but it is not likely to unveil any major changes in foreign policy. A central foreign policy theme will be Moscow's continued adherence to the policy of "peaceful coexistence," coupled with reminders of the military might of the Soviet bloc.

The Soviet spokesman will probably claim that, as a result of Soviet scientific and technological advances, the balance of world power has shifted inexorably away from the West toward the "socialist camp." He will probably dwell on Middle East developments as defeats for American diplomacy and signs of the inevitable collapse of "imperialism." In line with recent Soviet suggestions for new high-level negotiations between East and West, the spokesman may call for another summit conference between the USSR and the Western big three to discuss the Middle Eastern problem, disarmament, and ways to reduce tension. In any event, an appeal will probably be made for an extension of East-West cultural and trade exchange.

A summons to socialist forces all over the world to join with Communists in fighting "imperialism" and "colonialism" and to support the USSR in seeking disarmament will almost certainly have a prominent place in the anniversary speech. The speech will also call for new forms of cooperation between the Soviet party and Western socialists, for local "common front" approaches between socialists and Communists, and for collaboration between "progressive forces" in the Afro-Asian world and the Soviet bloc.

Intrabloc Relations

An effort will probably be made to define the USSR's relations with the states of Eastern

Europe in the aftermath of last fall's events in Poland and Hungary and the rapprochement which has developed in Soviet-Yugoslav relations. Moscow may in the course of the anniversary advance an ideological formula, or a redefinition of existing formulas which seeks to encompass such diverse Communist regimes as those of China, Yugoslavia, Poland, and Bulgaria. Tito's absence, however, will make the formulation of a meaningful ideological concept more difficult, if not impossible.

Domestic Matters

The economic "progress report" will follow the general lines of the recently published brochure--"The Achievements of Soviet Power for Forty Years in Figures." It will contrast Soviet growth with capitalist "crises," noting the increasing importance of Soviet industrial outputs within European and world totals. Claims will also be made for improvements in Soviet living standards. These "victories of socialism" will be credited to socialist planning and the prospering of science and technology under Soviet rule.

Basic alteration of existing economic policy or the introduction of new economic programs beyond those set forth in the recent decision to draft a long-term plan for the 1959-1965 period is not indicated at this time.

The speech will hold out the promise of further economic victories. It will repeat the theme of "catching up" with the US and affirm the continued priority development of heavy industry as essential to this goal.

Massive engineering projects--for example, the direction of the flow of the Kama River is apparently to be reversed--and practical application of

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nuclear power to electrical generation and transportation may be discussed in the speech.

To cap the occasion, some gesture in the area of popular welfare may be forthcoming. The Moscow populace, for example, has been reported as expecting announcement of a broadly applicable seven-hour working day. Other possibilities are price or wage revisions or fringe benefits such as increased vacation time or pensions.

Military Display

This year's celebration will probably produce an unusually large display of new weapons and equipment, particularly for atomic and missile warfare. Rehearsals thus far observed have revealed what appear to be guided missile trailers and possibly a tactical missile launcher, and a series of new rocket launchers, an armored amphibious carrier, a new heavy tank, a self-propelled antiaircraft gun, and other modern equipment.

The preponderance of tracked prime movers and self-propelled equipment in the rehearsals indicates an improvement in all-weather cross-country mobility.

The T-54 medium tank will be shown for the first time, possibly with some improvements. The heavy tank was only recently photographed in East Germany and is not believed to be in general use.

In anniversary celebrations at naval bases, the USSR may launch its new atomic-powered icebreaker, and display submarines equipped with nuclear propulsion and/or guided missiles. Surface warships equipped with guided missiles could similarly be unveiled.

Although no new aircraft have been observed as yet, official Soviet statements have indicated that an impressive aerial display is planned, including the first showing of the "Rossiya" (TU-14)--believed to be a four-engined turboprop transport.

Since last summer's Air Force Day show was canceled, it is expected that several of the events planned for that show will appear on 7 November. The new aircraft observed in rehearsals for that show included a jet medium bomber--designated "BACKFIN"--and a vertical take-off aircraft of the "flying bedstead" type developed in the West. It is also possible that BISON and BADGER jet bombers will participate in aerial refueling demonstrations previously planned for the Air Force Day show.

The four new transports unveiled in Moscow in July probably will appear again in the aerial parade or on static display. Two of these were four-engine turboprop aircraft: the Ilyushin-designed Moskva (IL-18) and the Antonov-designed Ukraina. Also on display were the TU-104A, a tourist-class version of the twin-jet TU-104, and the TU-110, a four-engine development of that aircraft.

As for major scientific demonstrations, the USSR is probably capable of launching a rocket to the moon and of launching a second, more completely instrumented earth satellite. Delivery of a 200-pound payload to the moon is probably within existing Soviet capabilities. The payload might consist of a substance which could produce a visible light when impacted on the moon--in eclipse during the celebration.

There have been several unofficial statements of a possible satellite launching on

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7 November. Such a satellite might contain more complex instrumentation and possibly a live animal to be returned to earth in a detachable package.

The USSR on 7 November might also reveal new evidence of success in developing controlled thermonuclear reactions.

(Concurred in by ORR and OSI)

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THE POLISH ARMY

The Polish army in the last year accomplished a transition in which national control largely supplanted Soviet domination. The personal loyalty to Gomulka believed to exist among new appointees is a major factor in the support the regime receives from its armed forces. The army continues to be dependent on the USSR, however, for logistic support. The last year has seen an enhancement of the army's combat effectiveness due in part to the acquisition of modern equipment and some improvement in morale.

Personnel Changes

The first indication that political developments in Poland were to affect the armed forces was noted in August 1956 when Brig. Gen. Wacław Komar, who had been arrested for political reasons in 1952 and not released until early 1956, was appointed commander of the militarized security troops.

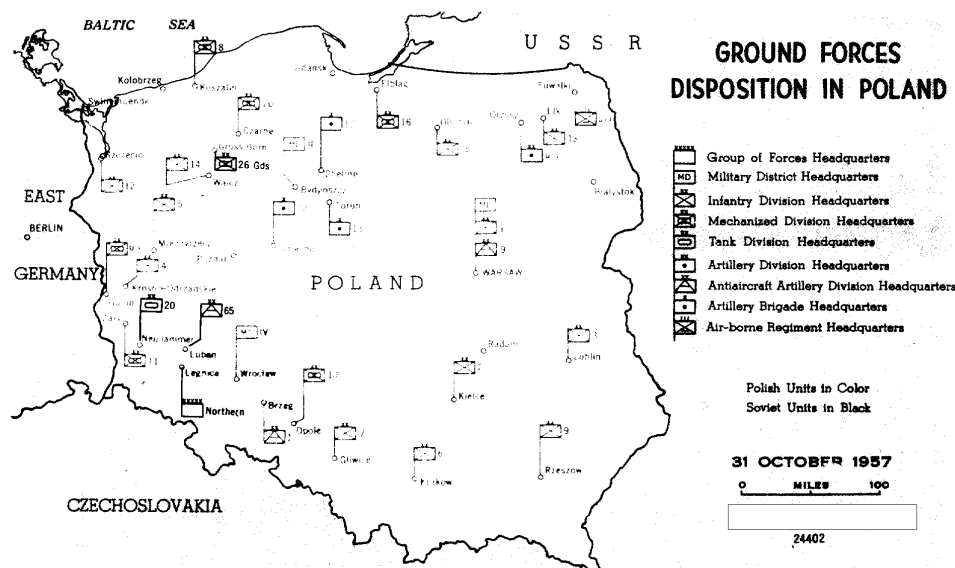
The reduction of the influence of Soviet officers over Polish military and national affairs began at the top when the Polish central committee failed to re-elect Marshal Rokossovsky to its politburo on 21 October 1956. Soon thereafter he was relieved as vice prime minister and minister of defense and returned to the USSR.

At about the same time, 120 out of 150 former Soviet officers were relieved of their senior command and staff positions and returned to the USSR. Some Soviet officers remain in important staff positions in the Polish army on the pretext of being specialists, but all of those who had been attached to the militarized security forces are reported to have been removed. Gomulka appointed many formerly deposed military leaders to positions in the military hierarchy to replace the Soviet officers and thereby gained a significant measure of control over the armed forces.

Maj. Gen. Marian Spychalsky replaced Rokossovsky as minister of defense. Like some of the other older officers among the new appointees, Spychalsky had been purged with Gomulka in 1949 and imprisoned until early 1956. He had been a deputy minister of national defense from 1945 to 1949, assigned to political education rather than line matters.

Many of the new appointees are not abreast of current developments in modern warfare, a fact which temporarily limits the ability of the Polish army to conduct extensive combat operations. A new generation of officers is being developed, however, and Poland is better able to afford the loss of the experienced Soviet leadership.

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than would have been the case a few years ago.

The retention of Lt. Gen. Bordzilovsky, a holdover from Rokossovsky's staff and a former Soviet army general, as a deputy minister of national defense and chief of the General Staff leaves open the possibility of Soviet control of the Polish armed forces. He continues to be the chief Polish voice on strategic doctrine and general military matters. Bordzilovsky, however, a Pole by birth who has served in the Polish army since 1944, appears to be taking his transfer of allegiance seriously. In press articles he has been critical of the slavish conformity to Soviet organizational practices in the Polish forces and has recommended a reorganization. His reported support for Gomulka at a crucial moment may explain his retention in the new high command.

Organization and Equipment

The largest of the satellite armies, the Polish army, is well trained, organized, and equipped and is capable of conducting combined armed opera-

tions on a division or higher level. It has a strength of 250,000 organized into 18 line divisions, and is supplemented by 65,000 men in the militarized security forces believed capable of performing limited tactical missions.

The army continues to receive modern Soviet equipment. In the past year the following weapons have been observed in the possession of Polish troops: the 100-mm. antiaircraft gun, the 107-mm. recoilless antitank gun, the K-61 tracked amphibious vehicle, an auxiliary-propelled 85-mm. field and antitank gun, a truck-mounted 140-mm. rocket launcher, and the T-54 tank. Poland reportedly is producing some T-54 tanks.

The state of the army's combat-readiness is good, largely as a result of the intensity and realism of unit field training. Adverse weather conditions, harvest labor needs, and the tense political situation curtailed training last fall. Autumn maneuvers this year, however, exceeded in scale those of earlier years and demonstrated an increased capability for combined arms operations.

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The Polish army continues to be an active member of the Warsaw pact. In September for the first time combined Soviet-Polish maneuvers were held in northwestern Poland.

General Zarzycki, the chief of the army's Political Board, stated on 10 October that the "officer cadre had been stabilized" and that no further reduction of forces was expected. There is no conclusive evidence that the announced reductions in strength of 47,000 in 1955, 50,000 in 1956, and 44,500 in 1957 have been implemented, and if any reduction actually was effected, it was minor and compensated for by unit reorganizations. In what is believed to be a peacetime expedient, the Polish army has eliminated the corps echelon of command.

Reliability and Morale

The Polish army would support Gomulka in the unlikely event that an open break with the USSR occurred. Soviet distrust of the willingness of the Polish army to act effectively against a Polish uprising was evidenced by the movement of Soviet units within and to the borders of Poland in October 1956. Moscow and the present Polish regime probably could depend on the Polish army to fight against an attack by German forces, although this would be open to question if the German units were acting as elements of a general Western force. Despite their traditional hatred and fear of Russia, the Poles realize that their claim to "recovered" formerly German territory is guaranteed only by the USSR. Neither regime, however, could rely on the Polish army to carry out operations against the Polish people.

Morale in the Polish armed forces has been only fair. General Zarzycki outlined in June the problems faced in this field and the steps taken since October 1956 to solve them. Officer promotions were carried out on a large scale in July, and Army Day this year was the occasion of more promotions and a wholesale award of medals to officers and noncommissioned officers.

The penal code of the army was amended on 31 December 1956 to lighten sentences and to abolish penal companies. An order issued in November 1956 liberalized the army's leave policy, and Internal Service regulations were introduced this March which extended the rights of individual soldiers and permitted them greater freedom of action in their daily lives.

Soviet Forces in Poland

One of the chief points of friction between the Polish people and their government is the continued presence of more than 35,000 Soviet troops in a mechanized, a tank, and an antiaircraft division. Major ground units are located in the territory formerly belonging to Germany and could be rapidly reinforced by Soviet units from East Germany. An agreement defining the legal status of Soviet troops in Poland was signed by Moscow and Warsaw on 17 December 1956. The agreement, which stated that the presence of Soviet forces in no way affected Polish sovereignty, gave Poland a degree of legal jurisdiction over Soviet personnel. It was used as a pattern for later agreements between the USSR and other satellites where Soviet troops are stationed, but Poland seems to have obtained more favorable conditions than did the other satellites.

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COTTON CRISIS IN THE SUDAN

The Khalil government has in less than ten months placed the economy of the Sudan in an extremely difficult position, through its failure to market the bulk of the cotton crop. In the absence of large-scale subsidized foreign purchases, the only feasible solution is a substantial reduction in price. The present attitude of the government, however, seems to preclude price cuts sufficient to move the bulk of the marketable cotton. It therefore seems increasingly likely that the Sudan, despite its preference for Western markets, will accept Communist offers to purchase substantial quantities.

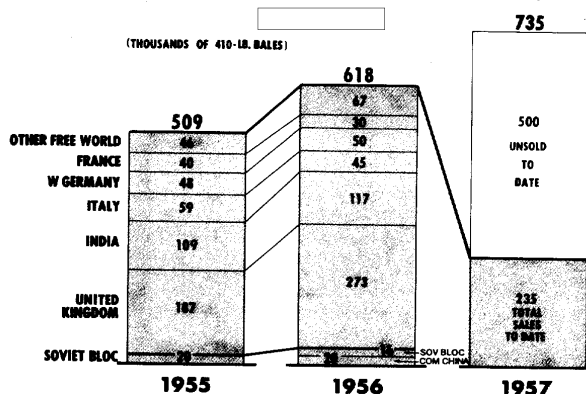
Until this year the Sudan had never experienced more than normal difficulties in marketing its crop, and unlike Egypt, its chief competitor for Western markets, had not been burdened with substantial carry-overs from earlier years. A lack of salable cotton at the end of the marketing year, 31 December, had been typical of the Sudan's situation in recent years. When the current season began on 1 January, only 500 bales (410 pounds per bale) of extremely low quality and unsalable types remained from 1956. Prospects for a favorable 1957 season were extremely good. The largest crop in history--735,000 bales--had been harvested and prices were relatively high.

Heavy Sino-Soviet bloc purchases of Egyptian cotton led Khartoum to conclude that a considerable market remained in the free world which could be supplied only by Sudanese cotton, and the government on 27 Febru-

ary increased the export duty from \$23.50 to about \$35.00 per bale. When the Gezira Board--Sudan's chief marketing agency--opened the first cotton auction for the 1956-57 crop on 14 March, prices for long-staple cotton averaged \$240 per bale, \$76 higher than the 1955-56 season.

The government had not expected the market's normal reaction. Buyer resistance stiffened almost at once and sales were negligible. For the first five months of the year, sales were only 10 percent of the

**SUDAN
COTTON EXPORTS BY DESTINATION**



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previous year's level. While the government reduced prices through August, the cuts were not adequate to attract buyers but instead, encouraged Western and particularly British buyers to maintain only minimum stocks in anticipation of further price reductions. By August, only 146,225 bales had been sold.

Private estates--not under government control--had produced 195,985 bales of long-staple and had managed to sell 102,000 bales, about 53 percent of their marketable cotton. This compares

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with the sales by the Gezira Board of only 12 percent of its cotton. The private producers sold cotton at prices up to \$6.00 per bale less than the government was asking.

The Sudan now has on hand about 500,000 bales of unsold cotton. The problem is further aggravated by the introduction into the world market of sizable quantities of long-staple Egyptian Karnak and Giza 30 cottons, which are directly competitive and lower priced than the Sudan's Sakel cotton. The current Sudanese price of about 60 cents per pound is considerably above the world price of about 51 cents. Thus, the Sudan's 500,000 bales of unsold cotton are priced about \$25,000,000 higher than the world price.

Unlike Egypt, the Sudan does not have the financial resources to carry over a substantial cotton surplus, and if the crop remains unsold, the government would require a substantial loan to meet its obligations. Furthermore, the Sudan has storage facilities for only about 250,000 bales or 40 percent of its cotton. Some cotton has already been damaged by rain, and a minimum of 250,000 bales is threatened.

Some offers of assistance have come from the free world and Communist countries. The

United Kingdom is apparently willing to consider a scheme to advance \$28,000,000 to British banks in the Sudan to tide cotton growers through the present lean period. France is also interested in this scheme and has offered to attempt to raise over \$8,000,000 and to arrange an exchange of certain French goods for cotton. British buyers are said to be interested in some purchases if prices are reduced by \$8.00 to \$10.00 per bale. In any event, British purchases this year will be substantially below last year's record 273,000 bales. British trade sources indicate that the maximum amount of Sudanese cotton which could be purchased this year would be no more than 200,000 bales.

Communist countries thus far have not been important customers in the Sudanese market, and purchases by the bloc in 1956 amounted to only 6 percent of total sales. The USSR, however, has recently made a general offer to purchase cotton, but only in the context of an over-all economic development program. While the Sudanese government has not shown any real interest in such a deal, Prime Minister Khalil is under increasing political pressure as the February elections approach at least to engage in talks with the bloc. It would be difficult for the government to refuse to sell cotton to the bloc for cash.

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